

## Commodity Credit Corporation, USDA

## § 1421.3

crops of barley, small chickpeas, corn, grain sorghum, lentils, oats, dry peas, peanuts, rice, wheat, wool, mohair, oilseeds and other crops designated by Commodity Credit Corporation (CCC). These regulations set forth the general provisions under which marketing assistance loans and loan deficiency payments (LDP) will be administered by the CCC. Additional terms and conditions are in the note and security agreement and the loan deficiency payment application that must be executed by a producer to receive marketing assistance loans and LDP's.

(b)(1) The basic loan rates, the schedule of premiums and discounts, and forms applicable to the marketing assistance and loan deficiency payment programs for the commodities specified in paragraph (a) of this section are available in Farm Service Agency (FSA) State and county offices. The forms for use in these programs will be prescribed by CCC.

(2) Loan deficiency payments shall be available for unshorn pelts, hay and silage.

(c) Marketing assistance loans and loan deficiency payments will not be available for any commodity produced on land owned or otherwise in the possession of the United States if such land is occupied without the consent of the United States.

(d) Producers who produced eligible loan commodities are eligible for marketing assistance loans or loan deficiency payments.

### § 1421.2 Administration.

(a) The marketing assistance loan and loan deficiency payment program shall be administered under the general supervision of the Executive Vice President, CCC and shall be carried out in the field by FSA State and county committees, respectively.

(b) State and county committees, and representatives and employees thereof, cannot modify or waive any requirement of this part, except as provided in paragraph (e) of this section.

(c) The State committee shall take any required action not taken by the county committee. The State committee shall also:

(1) For the 2001 crop year only, allow producers who violated the terms and

conditions of the note and security agreement which resulted in the producer losing beneficial interest in the commodity before repaying the loan and the county committee determined the producer acted in good faith, to repay the loan at a rate that is the lesser of the loan plus interest; or the alternative repayment rate, as determined under §1421.10, in effect on the date the beneficial interest was lost. In cases, where a locked-in repayment rate under §1421.110 was applicable, the prescribed form is considered null and void.

(2) Correct or require correction of an action taken by a county committee that is not in compliance with this part; or

(3) Require a county committee to not take an action or implement a decision that is not under the regulations of this part.

(d) The Executive Vice President, CCC, or a designee, may determine any question arising under these programs, or reverse or modify a determination made by a State or county committee.

(e) The Deputy Administrator for Farm Programs, FSA, may authorize State and county committees to waive or modify deadlines and other program requirements in cases where lateness or failure to meet such other requirements does not adversely affect the operation of the marketing assistance loan and loan deficiency payment program.

(f) A representative of CCC may execute marketing assistance loan and loan deficiency payment applications and related documents only under the terms and conditions determined and announced by CCC. Any document not executed under such terms and conditions, including any purported execution before the date authorized by CCC, shall be null and void.

### § 1421.3 Definitions.

The definitions in this section apply for all purposes of program administration. Terms defined in part 718 of this title and parts 1412 and 1425 of this chapter also apply, except where they conflict with the definitions in this section.

*Basic loan rate* means the loan rate established by CCC for a commodity

before any adjustment for premiums and discounts.

*Charges* means all fees, costs, and expenses incurred in insuring, carrying, handling, storing, conditioning, and marketing the commodity tendered to CCC for loan. Charges also include any other expenses incurred by CCC in protecting CCC's or the producer's interest in such commodity.

*Commodity certificate exchange* means the exchange, as provided for in part 1401 of this chapter, of commodities pledged as collateral for a marketing assistance loan at a rate determined by CCC in the form of a commodity certificate bearing a dollar denomination. Such certificate may not be transferred or exchanged for the inventory of CCC.

*Designated Marketing Association (DMA)* means an entity, or a subsidiary thereof, that performs marketing functions for peanut producers and is designated to handle marketing assistance loans and loan deficiency payments for them. A DMA is eligible to perform those functions only if the DMA meets the eligibility criteria set out elsewhere in this part.

*Field direct loan deficiency payment* means a loan deficiency payment issued to producers who:

- (1) Will lose beneficial interest immediately at harvest or;
- (2) Immediately feed the commodity during harvest.

*High moisture commodities* means corn and grain sorghum normally harvested and intended to be stored or marketed in a high moisture condition.

*Incorrect certification* means the certifying of a quantity of a commodity for the purpose of obtaining a marketing assistance loan or a loan deficiency payment in excess of the quantity eligible for such marketing assistance loan or loan deficiency payment or the making of any fraudulent representation with respect to obtaining loans or loan deficiency payments.

*Loan commodities* means wheat, corn, grain sorghum, barely, oats, rice, soybeans, other oilseeds, peanuts, wool, mohair, dry peas, lentils, and small chickpeas and other crops designated by CCC.

*Loan deficiency payment* means a payment received in lieu of a loan when

the CCC-determined value is below the applicable county loan rate.

*Mohair* means the hair sheared from a live Angora goat. Mohair does not include pelts, or hides or mohair shorn from pelts or hides.

*Oilseeds* means any crop of sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed, crambe, sesame seed, and other oilseeds as determined and announced by CCC.

*Other crops designated by CCC* means with respect to eligibilities for benefits under this part:

- (1) Those crops harvested as other than grain, such as silage, haulage, earlage;
- (2) Specific crops designated for grazing; or
- (3) As otherwise designated by CCC.

*Pulse crops* means any crop of dry peas, lentils, and small chickpeas as defined by CCC.

*Servicing agent bank* means the bank designated as the financial institution for a CMA or a designated marketing association.

*Small chickpea* means any chickpea that meets the definition of a chickpea according to the Grain Inspection, Packers and Stockyards Administration (GIPSA), Federal Grain Inspection Service (FGIS) and falls below a 20/64th sieve.

*Unauthorized disposition* means the conversion of any loan quantity pledged as collateral for a farm-stored loan without prior written authorization from the county committee.

*Unauthorized removal* means the movement of any farm-stored loan quantity from the storage structure in which the commodity was stored or structures that were designated when the loan was approved to any other storage structure, whether or not such structure is located on the producer's farm, without prior written authorization from the county committee.

*Unshorn pelt* means the removed skin and attached wool from a slaughtered lamb that has never been shorn.

*Warehouse receipt* means a receipt containing the required information prescribed in this part and is:

- (1) A pre-numbered, negotiable warehouse receipt issued under the authority of the U.S. Warehouse Act, a state licensing authority, or by an approved

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CCC warehouse in such format authorized and approved, in advance, by CCC;

(2) An electronic warehouse receipt issued by such warehouse recorded in a central filing system or system maintained in one or more locations which are approved by FSA to operate such system; or

(3) Other such acceptable evidence of title, as determined by CCC.

*Wool* means the fiber sheared from a live sheep.

[67 FR 63511, Oct. 11, 2002, as amended at 68 FR 37940, June 26, 2003; 70 FR 33799, June 10, 2005]

### § 1421.4 Eligible producers.

(a) To be an eligible producer, the producer must:

(1) Be an individual, partnership, association, corporation, estate, trust, State or political subdivision or agency thereof, or other legal entity that produces an eligible commodity as a landowner, landlord, tenant, or sharecropper, or in the case of rice, furnishes land, labor, water, or equipment for a share of the rice crop. With respect to wool and mohair, the producer must own, other than through a security interest mortgage, or lien, the sheep and goats that produced the wool and mohair respectively for a period of not less than 30 days.

(2) Comply with all provision of this part and:

(i) 7 CFR part 12—Highly Erodible Land and Wetland Conservation;

(ii) 7 CFR part 718—Provisions Applicable to Multiple Programs;

(iii) 7 CFR part 1400—Payment Limitation & Payment Eligibility;

(iv) 7 CFR part 1403—Debt Settlement Policies and Procedures;

(v) 7 CFR part 1405—Loans, Purchases and Other Operations.

(3) Have made an acreage certification with respect to all the cropland on the farm.

(b) A receiver or trustee of an insolvent or bankrupt debtor's estate, an executor or an administrator of a deceased person's estate, a guardian of an estate of a ward or an incompetent person, and trustees of a trust shall be considered to represent the insolvent or bankrupt debtor, the deceased person, the ward or incompetent, and the beneficiaries of a trust, respectively.

The production of the receiver, executor, administrator, guardian, or trustee shall be considered to be the production of the person or estate represented by the receiver, executor, administrator, guardian, or trustee. Marketing assistance loans and loan deficiency payment documents executed by any such person will be accepted by CCC only if they are legally valid and such person has the authority to sign the applicable documents.

(c) A minor who is otherwise an eligible producer is eligible to receive marketing assistance loans or loan deficiency payments only if the minor meets one of the following requirements:

(1) The right of majority has been conferred on the minor by court proceedings or by statute;

(2) A guardian has been appointed to manage the minor's property and the applicable marketing assistance loan or loan deficiency payment documents are signed by the guardian;

(3) Any note or loan deficiency payment program application signed by the minor is cosigned by a person determined by the county committee to be financially responsible; or

(4) A bond is furnished under which a surety guarantees to protect CCC from any loss incurred for which the minor would be liable had the minor been an adult.

(d) If more than one producer executes a note and security agreement with CCC, each such producer shall be jointly and severally liable for the violation of the terms and conditions of the note and the regulations in this part. Each such producer shall also remain liable for repayment of the entire marketing assistance loan amount until the loan is fully repaid without regard to such producer's claimed share in the commodity pledged as collateral for the loan. In addition, such producer may not amend the note and security agreement with respect to the producer's claimed share in such commodities, or loan proceeds, after execution of the note and security agreement by CCC.

(e)(1) The county committee may deny a producer a marketing assistance loan on farm-stored commodities if the producer has: